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D R A F T
1 August 1957
JGO'N/NSP:fm

MEMORANDUM FOR: Mr. Houston

SUBJECT: The Legislation Recommended by the Commission
on Government Security

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1. Review of the Report of the Commission on Government Security and the proposed "Federal Security Act" indicates that the Central Intelligence Agency, as an executive agency, is not exempt in any fashion from the operation of the Act. Under Section 2, "Definitions" the Act provides at subsection (7) "The term "civilian employee" means any civilian officer or employee of any executive agency other than the Central Intelligence Agency or the National Security Agency." This section does no more than was stated at page 50 of the Report under the heading "Scope of Program" that the loyalty program should extend indefinitely to all employees and applicants for employment in all departments and agencies with the exception of the Central Intelligence Agency and the National Security Agency. However, confusion arises at subsection (8) which provides: "The term "applicant" means any individual who has made application for appointment or employment as a "civilian employee." Although the term "civilian employee" is defined in the preceding section as exempting employees of this Agency, that qualification does not necessarily follow the definition of the term "applicant" even though the explanation mentioned above appears to indicate that applicants for employment with CIA be excluded also from the

application of the Loyalty Program.

2. Following this definition of the term "civilian employee" and looking to Chapter 4 entitled "Civilian Employees Loyalty Program" we find little question that Section 40, "Investigation of civilian employees and applicants" (1) would fall under the exclusion established by the definition of the term "civilian employee" at Section 2(7); and (2) since it relates to the responsibilities of an executive agency, it would be applicable to the Central Intelligence Agency.

3. Section 41, "Evaluation of personnel investigations" appears to require that the Agency follow the procedures established in the evaluation of personnel investigations even though CIA employees have been exempt by definition. However, Section 42, "Loyalty hearings and determinations" would not appear to be binding upon us for the reason that the sense of the section relates to certain procedural rights of the civilian employee. Section 43, "Transfer and suspension of civilian employees." Even though Agency employees are exempt by definition, the same reason set forth with respect to Section 41 above would appear to relate to this section. The foregoing is cited for the purpose of illustrating that such exemptions as is granted the Agency by definition of the term "civilian employee" does little other than create confusion with respect to most any given section of the Act. The exemption given in the definition of the term "civilian employee" appears to be but an afterthought as far as granting Agency exemptions from the mandatory provisions of the Act. It is recommended that in the definition of the term "executive agency" set forth at section 2(5),

a second sentence be added, "As used in this Act the term "executive agency" shall not be deemed to include the Central Intelligence Agency or the National Security Agency." Section 2, subsection (6) be amended by deleting the present subsection and adding in place thereof "Head of the Agency" or "Agency Head" when used in relation to any executive agency (as defined herein) means the head of such agency or in the event of his incapacity or other absence the officers of that agency who are authorized to act in his stead." Section 2, subsection 8 be deleted and the following substituted therefore: "The term "applicant" means any individual who has made application for appointment or employment as a civilian employee in any executive agency as that term is defined herein.

4. If the recommendations set forth in the preceding paragraphs are not considered acceptable and the reason that there was no intention of exempting the Central Intelligence Agency from the application of the Federal Security Acts but that they intend only to exclude current Agency employees from the "benefits" provided by the proposed Loyalty Program the following sections of the Act would be deemed objectionable in that they provide requirements which are either inconsistent with provisions in that the responsibilities imposed upon the Agency are not within the present capacity of the Agency to fulfill. Refer to Section 25(c), "Reports"; Section 22, "Evaluation of Contractor complaints"; and Section 21, "Surveys and inspections."

THE WHITE HOUSE
WASHINGTON

July 22, 1957

TO THE HEADS OF EXECUTIVE
DEPARTMENTS AND AGENCIES:

The Commission on Government Security has completed its study of the various Government security programs and recently issued a report containing certain findings and recommendations of interest to Departments and Agencies of the Executive Branch.

It is requested that you review the recommendations of the Commission which call for administrative action, and send written comments to Mr. William F. Tompkins, Chairman, Interdepartmental Personnel Security Advisory Committee, Department of Justice, in order to allow for proper interdepartmental study and subsequent consideration in the Cabinet.

Views of Departments and Agencies with respect to legislative recommendations of the Commission on Government Security should be processed in the usual manner through the Bureau of the Budget.

Dwight D. Eisenhower

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ER 9-4632A

28 June 1957

The Honorable Loyd Wright
Chairman
Commission on Government Security
441 - G Street, N. W.
Washington 25, D. C.

Dear Mr. Wright:

Thank you so much for your letter of June 21st, enclosing a copy of the final report of your Commission.

I deeply appreciate your kind words concerning our Agency and the fact that we were able to be of some assistance to the Commission in its very important work. For our part we thoroughly enjoyed and profited by the close and cooperative relationship with you and Mr. Ladd, and with the members of your staff.

I have not yet had an opportunity to study your report in full detail, but I shall do so immediately. From the summaries I have seen, I am convinced that your Commission on Government Security has made a very significant contribution towards the understanding of this difficult problem and toward constructive steps to resolve it.

With kindest regards, and in the hope that we will soon meet again, in Los Angeles or elsewhere, I remain

Sincerely,

IG/LC fm

Retyped: DCI/ji

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Allen W. Dulles
Director

STATINTL



COMMISSION ON GOVERNMENT SECURITY
WASHINGTON 25, D. C.

JUN 21 1957

The Honorable
Allen W. Dulles, Director
Central Intelligence Agency
2430 E Street, N. W.
Washington 25, D. C.

My dear Mr. Dulles:

Please find enclosed, on behalf of the Commission, a copy of the final report.

I would be remiss if I did not again attempt to express to you my deep appreciation for all of the courtesies and assistance you have rendered us in our difficult task. I would like also once more to commend you for what I consider to be one of the outstanding organizations in the history of government.

Hoping that if ever you wend your way westward and are in Los Angeles you will give me the pleasure of seeing you, I am

Most cordially and respectfully,

Loyd Wright

Loyd Wright
Chairman

9-2478/13
Enclosure/

"Report of the Commission on
Government Security - June 1957"

RECEIVED JUN 21 1957

TRANSMITTAL SLIP

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REMARKS:

For your files

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FROM:

LEGISLATIVE COUNSEL

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